HICKS NOTES

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CLIENTS HAVING A PROFITABLE YEAR? IT'S NOT TOO LATE TO ADD A PLAN!

Plan Sponsors have until December 31st to add a retirement plan for 2013. For those with Defined Benefit plans looking for a larger contribution, adding a Defined Contribution Plan may be the answer. This may allow a client to defer $17,500 plus contribute an additional 6% percent of compensation for this calendar year.

If your clients have had a better than expected year, there are a number of options available for them. Contact us for additional details or click here for the Proposal Request Form. Let us show you what can be done before it's too late.

In addition, there is still time to amend retirement plans to meet clients' goals. Are you achieving the maximum contribution for the owners while contributing the minimum for the employees? Make sure you request this on behalf of your clients so they can maximize the return on their plans. We are here to help.

PPA RESTATEMENTS FOR DEFINED CONTRIBUTION PLANS START IN 2014

From time-to-time, all qualified retirement plans are required to be updated to reflect recent legislative and regulatory changes. Some of these updates are made through plan amendments, while others require plan documents to be completely rewritten (a process known as 'restating' the plan).

In 2005, the Internal Revenue Service implemented a six-year amendment/restatement cycle program for pre-approved Master & Prototype (M&P) and Volume Submitter pension plans. Based on this schedule, the next amendment and restatement of defined contribution plans, known as the "PPA" restatement, will begin in the Spring of 2014 and end in the Spring of 2016 (exact dates to be released by the IRS). The PPA restatement includes plan document changes due to the following amendments:

- Final 415 Regulations updating the definition of post-severance compensation
- Pension Protection Act of 2006 covering provisions such as automatic enrollment, non-spouse beneficiary rollovers, and accelerated vesting.
- Heroes Earnings Assistance and Relief Act of 2008 (HEART) which included qualified plan rights of those serving in the military, death/disability benefits and the treatment of differential wage payments.
- Small Business Jobs Act of 2010 permitting the rollover of non-Roth distributable accounts to Roth accounts with the same plan.
- Worker, Retiree and Employer Recovery Act of 2008 (WRERA) covering the elimination of gap-period income on refunds of excess deferrals and optional provisions related to automatic contribution arrangements, waiver of 2009 RMDs and PPA technical corrections.

Regardless of the type of qualified plan, plan sponsors are required to maintain fully executed copies of all plan documents, amendments and restatements since the inception of the plan. If your plan is audited by the IRS, they will ask to see signed plan documents and will review to make sure they are up to date for all required remedial amendments. If you did not timely adopt a required update or you are unable to locate a signed copy, the IRS offers a voluntary correction program that allows you bring your plan document back into compliance for a fee that is much lower than the penalties that could otherwise be imposed.

This is the perfect opportunity to add or revise your current plan to better fit your business needs. It could be eligibility, vesting or adding a safe harbor provision.

We will be starting this process in early 2014 and will be charging a base fee of $950.00 ($450 for owner-only plans). Keep us in mind as others may be overcharging for this service.

2013 YEAR IN REVIEW

As 2013 closes, I believe the biggest issues affecting retirement plans are as follows:

First is the fact that no significant legislation has lowered limits or fundamentally changed the Bush Era tax cuts with regards to retirement plans. Now, just as in the past, contributions remain high for small businesses. This means retirement plans remain the premier savings and tax planning vehicle available today.

The second trend is how the disclosure regulations have put third party payments in the spotlight. I have been focusing on this issue all year and I believe everybody who works with these plans has a duty to know who is getting paid, how much and by whom. Many service providers are not offsetting fees against these revenue sharing payments, thus clients are paying more. Clients are required to review the fees they pay. I believe this will continue to be an issue that needs attention and will be more apparent in 2014.

STILL TIME TO JOIN OUR WEBINARS

Due to the overwhelming interest in our webinar series, we have added another chance to learn about retirement plans and the legal issues involved. Each of these three webinars give one hour of CE Credit for CPA's and CFP's, but everyone can learn how to market and service these plans. Attend from the comfort of your home or office at no cost to you.

Join us by clicking the invitation here. We look forward to working with you!!

Call or email us with any questions or pension administration needs.